

Module 7—Standard Deduction

Tax Tutorial

In this tax tutorial, you will learn about the [standard deduction](#). The standard deduction reduces the income that is subject to tax. The amount of the standard deduction depends on

- the filing status,
- the age of the taxpayer and spouse,
- whether the taxpayer or spouse is blind, and
- whether the taxpayer can be claimed as a dependent on another taxpayer's return.

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For most taxpayers, the standard deduction is based on filing status.

2007 Standard Deduction	
Single	\$5,350
Head of household	\$7,850
Married filing a joint return	\$10,700
Qualifying widow(er) with dependent child	\$10,700
Married filing a separate return	\$5,350

Tax Tip: *Some taxpayers will itemize deductions. When their itemized deductions are greater than the standard deduction, they use the itemized deductions instead of the standard deduction.*

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Module 7—Standard Deduction

Review the tax and credits section of the tax return for Brian and Sylvia Lyons. Brian and Sylvia are married and file a joint return. They have three dependent children.

- The [adjusted gross income](#) is \$63,825.
- The standard deduction is \$10,700.
- There are five exemptions. The exemption amount is \$3,400. The total deduction for exemptions is \$17,000 (\$3,400 multiplied by 5).
- Taxable income is \$36,126.

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Tax and Credits	38 Amount from line 37 (adjusted gross income)	38	63,826.00
	39a Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind. Total boxes		
	If: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind. checked <input type="checkbox"/> 39a		
	b If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here <input type="checkbox"/> 39b		
Standard Deduction for—	40 Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	10,700.00
• People who checked any box on line 39a or 39b or who can be claimed as a dependent, see page 34.	41 Subtract line 40 from line 38	41	53,126.00
• All others:	42 If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the worksheet on page XX.	42	17,000.00
Single or Married filing separately, \$5,250	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	36,126.00
Married filing jointly or Qualifying widow(er), \$10,700	44 Tax (see page 56). Check if any tax is from: a <input type="checkbox"/> Form(s) 9814 b <input type="checkbox"/> Form 4672 c <input type="checkbox"/> Form(s) 9889	44	
Head of household, \$7,050	45 Alternative minimum tax (see page 35). Attach Form 6251	45	
	46 Add lines 44 and 45	46	
	47 Credit for child and dependent care expenses. Attach Form 2441	47	
	48 Credit for the elderly or the disabled. Attach Schedule R	48	
	49 Education credits. Attach Form 8863	49	
	50 Residential energy credits. Attach Form 5695	50	
	51 Foreign tax credit. Attach Form 1116 if required	51	
	52 Child tax credit (see page XX). Attach Form 8801 if required	52	
	53 Retirement savings contributions credit. Attach Form 8880	53	
	54 Credits from: a <input type="checkbox"/> Form 8866 b <input type="checkbox"/> Form 9959 c <input type="checkbox"/> Form 9939	54	
	55 Other credits: a <input type="checkbox"/> Form 8800 b <input type="checkbox"/> Form 8901 c <input type="checkbox"/> Form	55	
	56 Add lines 47 through 55. These are your total credits	56	
	57 Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	

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The standard deduction is increased for taxpayers and spouses who are

- age 65 or older, or
- blind.

The standard deduction may be reduced for a taxpayer who can be claimed as a dependent on another taxpayer's return.

For 2007, the standard deduction for a taxpayer who can be claimed as a dependent on another taxpayer's return was

- earned income (wages, salaries, tips, etc.) plus \$300
- but not less than \$850
- and not more than the standard deduction for the single filing status (\$5,350)

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Review the tax and credits section of Irene Proudfoot's tax return. Irene is single and is claimed as a dependent on her parents' tax return. She is 18 years old. She had interest income of \$400 and wages of \$4,350.

- The adjusted gross income is \$4,750 (\$400 + \$4,350).
- The standard deduction is \$4,650 (earned income of \$4,350 + \$300).
- Irene cannot claim an exemption for herself because she is claimed as a dependent on her parents' return.
- Taxable income is \$100.

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Tax and Credits			
38	Amount from line 37 (adjusted gross income)	38	4,750 00
39a	Check <input type="checkbox"/> You were born before January 2, 1943, <input type="checkbox"/> Blind <input type="checkbox"/> Total boxes If: <input type="checkbox"/> Spouse was born before January 2, 1943, <input type="checkbox"/> Blind <input type="checkbox"/> checked <input type="checkbox"/> 39a		
b	If your spouse itemizes on a separate return or you were a dual-status alien, see page 34 and check here <input type="checkbox"/> 39b		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)	40	4,650 00
41	Subtract line 40 from line 38	41	100 00
42	If line 38 is \$117,300 or less, multiply \$3,400 by the total number of exemptions claimed on line 6d. If line 38 is over \$117,300, see the worksheet on page 30X.	42	0 00
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-	43	100 00
44	Tax (see page 56). Check if any tax is from: a <input type="checkbox"/> Form(s) 9814 b <input type="checkbox"/> Form 4672 c <input type="checkbox"/> Form(s) 9889	44	
45	Alternative minimum tax (see page 39). Attach Form 6251	45	
46	Add lines 44 and 45	46	
47	Credit for child and dependent care expenses. Attach Form 2441	47	
48	Credit for the elderly or the disabled. Attach Schedule R	48	
49	Education credits. Attach Form 8863	49	
50	Residential energy credits. Attach Form 5695	50	
51	Foreign tax credit. Attach Form 1116 if required	51	
52	Child tax credit (see page 30X). Attach Form 8801 if required	52	
53	Retirement savings contributions credit. Attach Form 8880	53	
54	Credits from: a <input type="checkbox"/> Form 8896 b <input type="checkbox"/> Form 9899 c <input type="checkbox"/> Form 9839	54	
55	Other credits: a <input type="checkbox"/> Form 8800 b <input type="checkbox"/> Form 9901 c <input type="checkbox"/> Form	55	
56	Add lines 47 through 55. These are your total credits	56	
57	Subtract line 56 from line 46. If line 56 is more than line 46, enter -0-	57	
58	Self-employment tax. Attach Schedule SE	58	
59	Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919	59	
60	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5320 if required	60	

Standard Deduction for—
 • People who checked any box on line 39a or 39b, or who can be claimed as a dependent, see page 34.
 • All others:
 Single or Married filing separately, \$3,350
 Married filing jointly or Qualifying widow(er), \$6,700
 Head of household, \$4,650

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Module 7—Standard Deduction

Quick Check!

Answer the following multiple-choice questions about the standard deduction. To assess your answers, click the *Check My Answers* button at the bottom of the page.

1) The standard deduction

- A. increases the income that is subject to tax. No answer given: the correct answer is B. The standard deduction decreases the income that is subject to tax; it does not affect exemptions.
- B. decreases the income that is subject to tax.
- C. increases the number of exemptions.
- D. decreases the number of exemptions.

2) Which of the following is true?

- A. The standard deduction determines the number of dependents. No answer given: the correct answer is B. The standard deduction does not determine the number of dependents. The standard deduction reduces the income that is subject to tax. The standard deduction depends on filing status, age, whether the taxpayer or spouse is blind, and whether the taxpayer or spouse can be claimed as a dependent on another taxpayer's return.
- B. The standard deduction depends on the filing status.
- C. The standard deduction affects the amount of wage income.
- D. The standard deduction is the same for all U.S. citizens and residents.

3) Which statement is true?

- A. The standard deduction for a taxpayer who can be claimed as a dependent on another taxpayer's return is more than the standard deduction for the single filing status. No answer given: the correct answer is D. Depending on the amount of earned income, the standard deduction for a taxpayer who can be claimed as a dependent on another taxpayer's return is less than or equal to the standard deduction for the single filing status. The standard deduction is increased for taxpayers who are blind. The standard deduction depends on the age of the taxpayer or spouse.
- B. The standard deduction is reduced for taxpayers who are blind.

- C. The standard deduction is not affected by the age of the taxpayer or spouse.
- D. The standard deduction reduces the income that is subject to tax.

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Module 7—Standard Deduction

Lesson Summary

The standard deduction reduces the income subject to tax. The amount of the standard deduction depends on

- the filing status
- the age of the taxpayer and spouse
- whether the taxpayer or spouse is blind
- whether the taxpayer can be claimed as a dependent on another taxpayer's return

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Module 7—Glossary

Glossary

standard deduction —reduces the income subject to tax and varies depending on filing status, age, blindness, and dependency.

adjusted gross income —total income reduced by certain amounts, such as for an IRA or student loan interest

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